

## **Statement of Purpose**

**This document, which was prepared by the Modernization Partner team for the office of Student Financial Assistance (SFA), represents the executive summary initial Capability Release Plan deliverable (Version 1.0). The document provides an initial position about capabilities and initiatives that are required to improve SFA's current operations and short-term project investments. Specifically, this document focuses on process and technology initiatives. The document does not include organizational enablement initiatives which will be addressed in the next version of the document.**

**Overall, the deliverable is intended to serve as a catalyst for SFA to complete the next version of the Capability Release Plan (Version 2.0). The next version would map more closely to SFA's new vision and future market position and would contain additional insight about achieving "best in business" capabilities. Also, that plan is expected to represent a significant change in the number, sequence, and timing of recommended initiatives.**

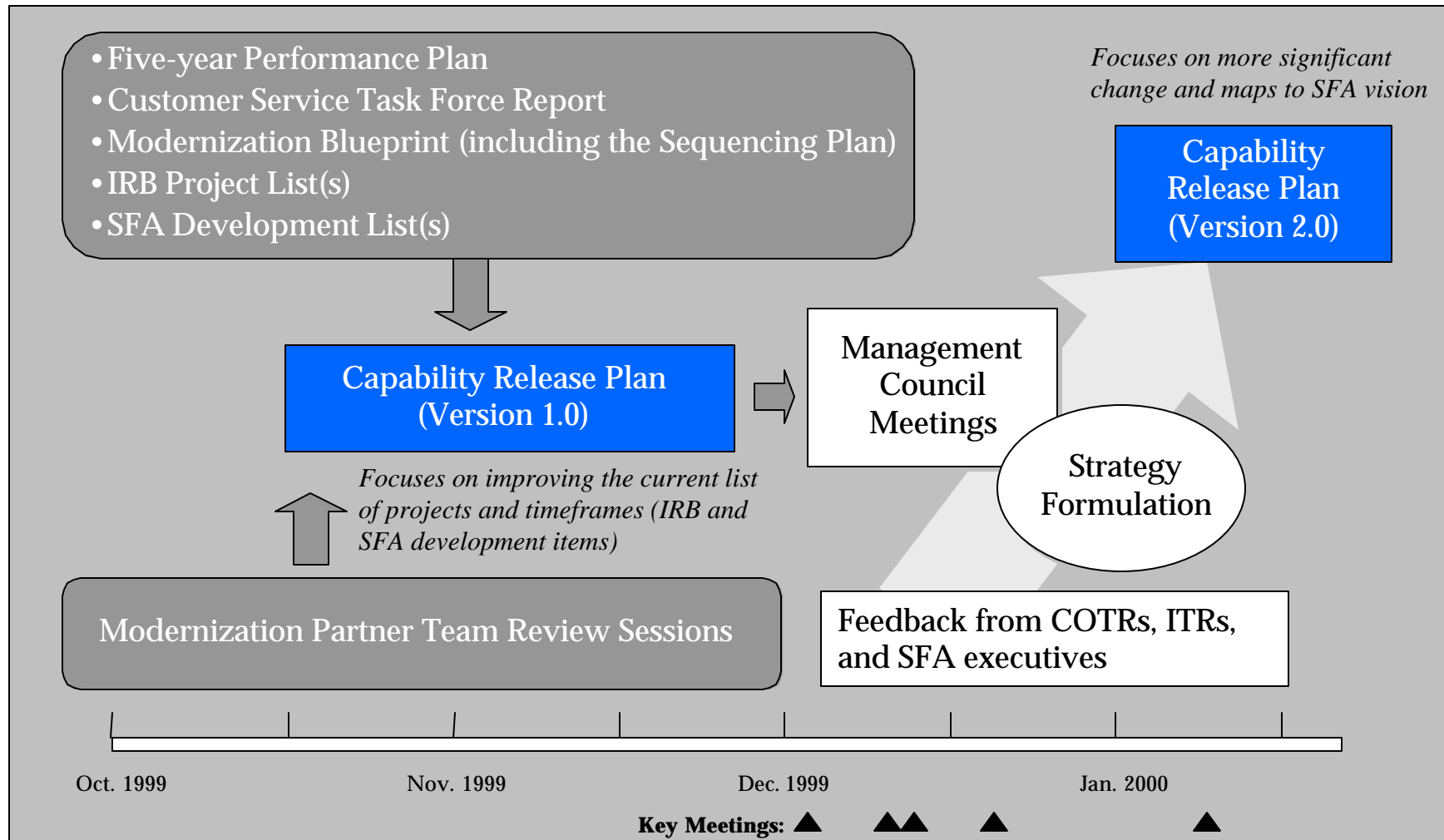
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**During the past eight weeks we have involved various members of the Modernization Partner team in developing the initial Capability Release Plan. Specifically, we . . .**

- ❑ Analyzed key documents in order to understand SFA’s business objectives, performance goals, and business requirements. These documents include the:
  - Five-year Performance Plan
  - Modernization Blueprint
  - Customer Service Task Force Report
- ❑ Identified current capabilities based on our understanding of SFA’s existing aid delivery operations.
- ❑ Reviewed more than 400 project requests that were part of SFA’s current investment plans:
  - Investment Review Board (IRB) projects (115 project requests)
  - SFA Development Items (222 project requests)
  - Modernization Blueprint’s Sequencing Plan (more than 60 projects)
- ❑ Used capabilities and the 400 plus project requests to identify program initiatives that will create value for SFA. Most of these program initiatives comprise a bundling of “silo-ed” projects.

**Although the initial version of the Capability Release Plan is complete, development of the next version (2.0) will require an iterative process that incorporates input from various SFA and Modernization Partner team members.**



**To assist with reviewing the Capability Release Plan, a solid understanding of the terms below is critical.**

- **Business Capability** - Refers to a combination of human performance, business process, and technology elements that collectively represents an organization's ability to create value through a distinct part of its operation. A business capability creates value by producing business outcomes and results.
- **Core Business Capability** - Describes the set of capabilities that are directly linked to an organization's core business processes (e.g., Aid Awareness, Loan Servicing, etc.).
- **Enabling Capability** - Describes the set of capabilities that support and enable the core business processes to operate efficiently. Many enabling capabilities are also closely aligned to the infrastructure and integration areas within an organization.
- **Initiative** - Describes a recommended program-level task effort that is focused on delivering capabilities. An initiative may have one or more projects associated with it.
- **Project** - Refers specifically to a task effort or request that is currently on the IRB request list, SFA Development request list, and/or Modernization Blueprint Sequencing Plan.

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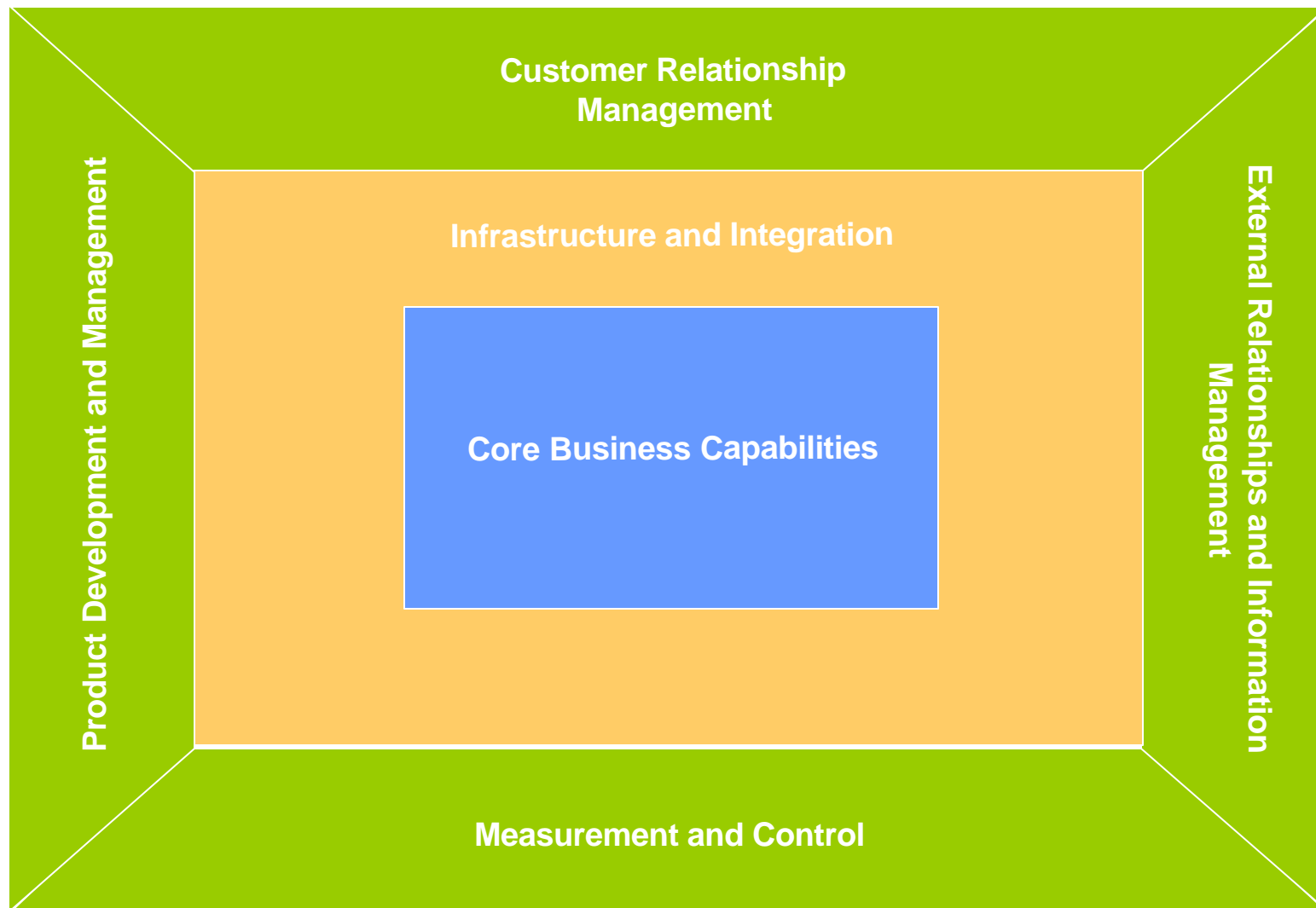
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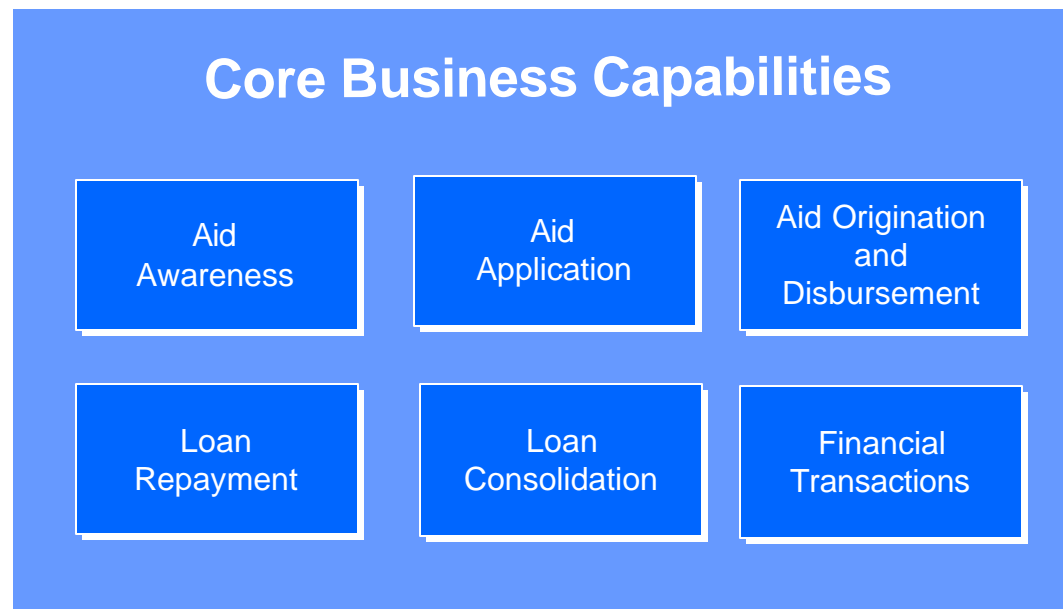
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**The capability framework provides a logical business structure for capturing SFA's core business and enabling capabilities.**

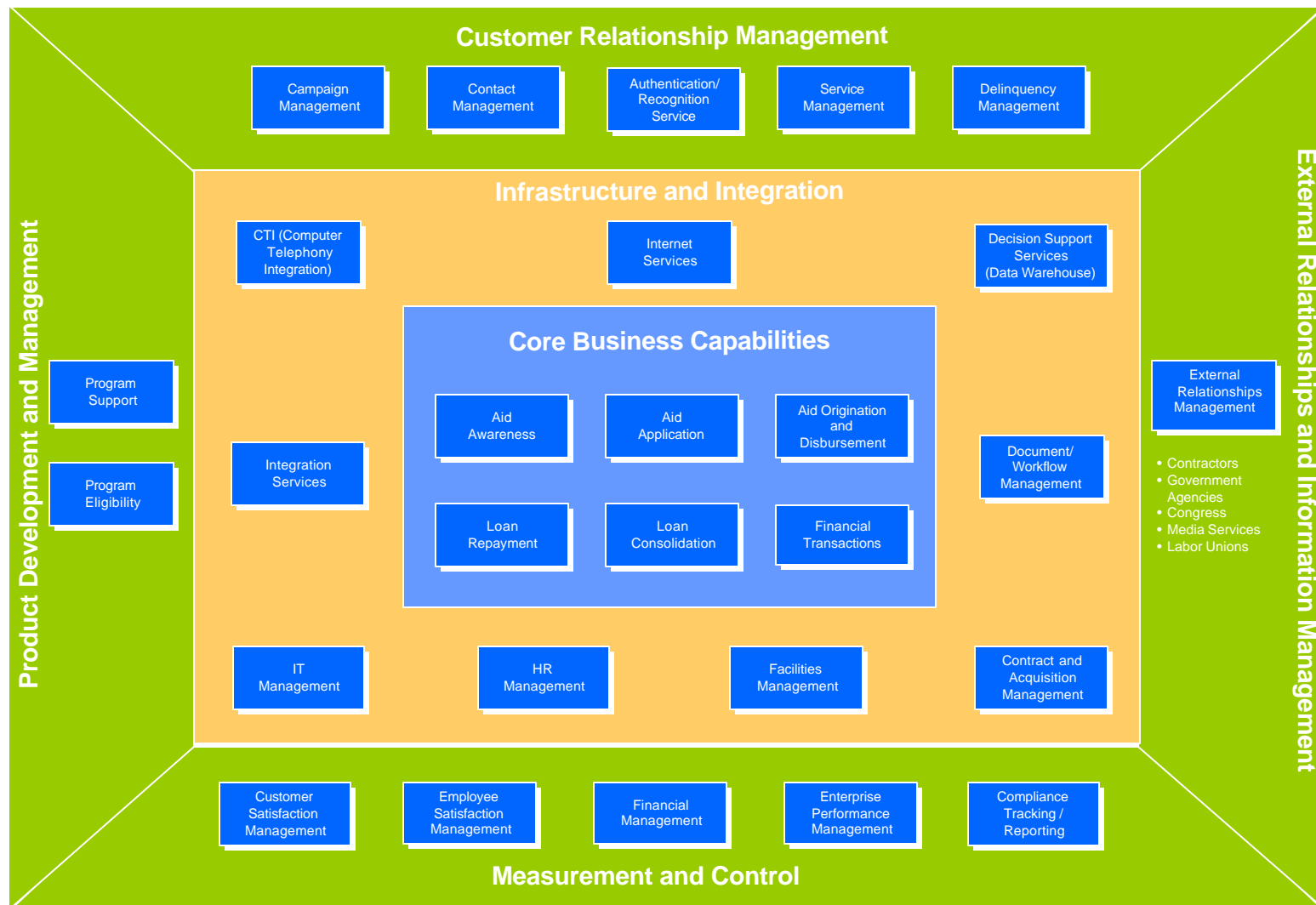


**Core business capabilities are primary and central to SFA achieving “best-in-business” results in the areas of customer satisfaction, lower unit cost, and employee satisfaction.**

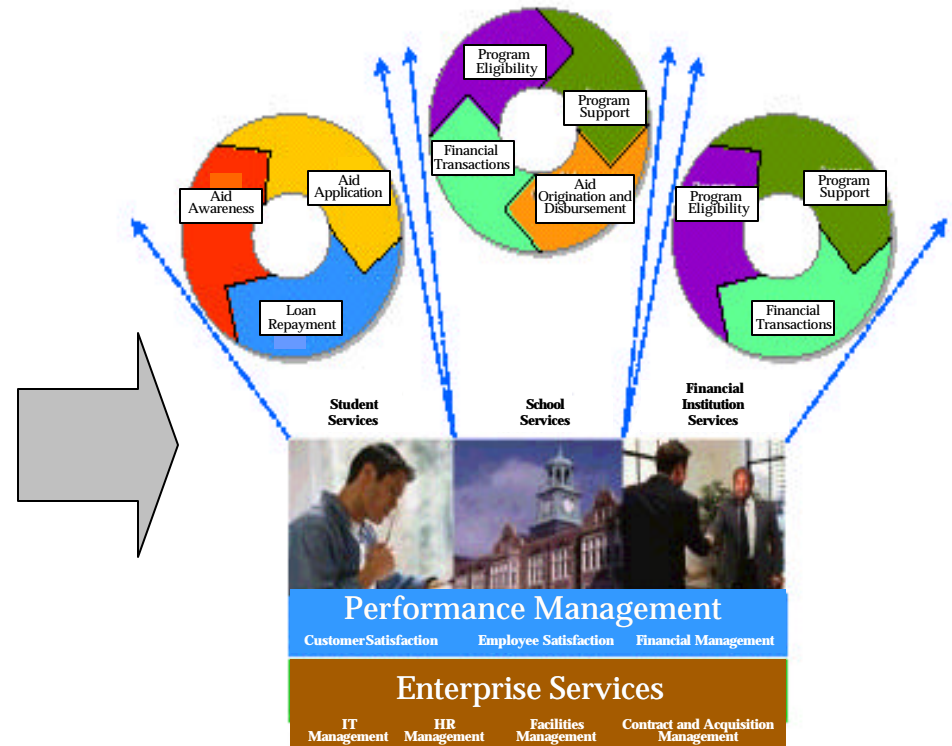
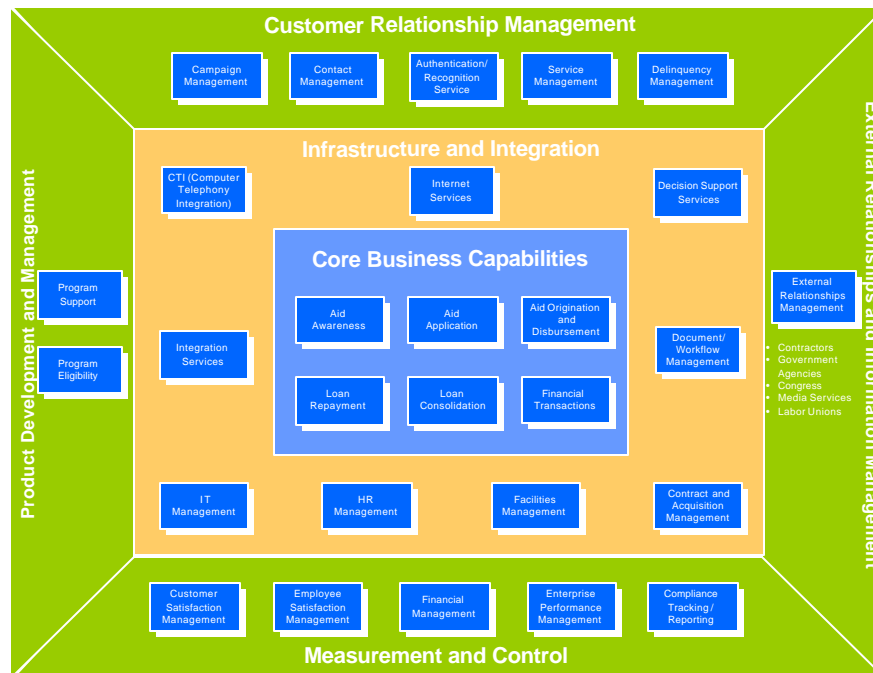




**Collectively, core business and enabling capabilities provide a framework for SFA to achieve its mission to “Put America Through School”.**



**The capability framework presented by the Modernization Partner team maps closely to SFA's core business processes that are outlined in the Modernization Blueprint.**



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**Focusing on delivering capabilities, we have identified 20 initiatives that we recommend SFA execute over the next 2 - 3 years. These initiatives would address many of the existing IRB, SFA Development, and Sequencing Plan projects.**

### Quick Hit Initiatives (5)

- Web Portals Prototype
- Information Technology Management, including:
  - IT Management Plan
  - Enterprise Data Standardization
  - Enterprise Architecture Design for various platforms (i.e., Internet, Decision Support, Integration, and CTI)
- Enterprise Information System (Prototype and Implementation)
- Consolidated Data Center (VDC)
- Performance Measurements Analysis and Design

### Reengineering Initiatives (8)

- Enhanced Customer Relationship Management - (Consolidated Call Center)
- Enhanced Aid Awareness
- Enhanced Electronic FAFSA (includes Spanish FAFSA)
- Financial Management System (FMS)
- Enhanced Aid Origination and Funds Disbursement
- Direct Loan Servicing Reengineering
- Enhanced Loan Repayment - Debt Collections
- Enhanced Outreach Services for Underserved Market Segments

### Other Value Creating Initiatives (7)

- Enhanced Monitoring of External Entities
- Web Portals for Customers
- Common Third-Party Interfacing
- Consolidated Third-Party Support Services
- Compliance Tracking and Reporting
- Single Identifier for Each Entity (includes PIN usage)
- Existing Modernization Projects and Other SFA Initiatives - (Enhanced Procurement Process)

**Quick hits represent incremental changes on a relatively small scale. We believe each of these initiatives could be completed within 6 months of start-up and provide early positive returns on SFA's change efforts.**

- **Web Portals Prototype** - Design and implement a prototype to deliver capabilities for students, schools, financial partners, and/or employees. This will enable easier and more efficient data transfer through an internet interface.
- **Information Technology (IT) Management:**
  - **Information Technology Management Plan** - Create a plan to manage the various analysis/ design enterprise-wide architecture changes slated to occur in the SFA IT environment.
  - **Enterprise Data Standardization** - Develop data standards to improve data integrity.
  - **Enterprise Architecture Designs for Decision Support System (DSS), Integration, Internet, and Computer Telephony Integration (CTI)** - Complete planning and analysis/design for enterprise-wide architectures that will comprise SFA's new technical environment.
- **Enterprise Information System (EIS):**
  - **Prototype** - Design a prototype to enable the standardization of all SFA systems reports.
  - **Implementation** - Implement the system to enable the standardization of all SFA EIS reports.
- **Consolidated Data Center (VDC)** - Design and implement a Virtual Data Center (VDC) to streamline call center operations and "host" all Department of Education systems at a single data center. Includes procedures and processes about day-to-day operations.
- **Performance Measurements Analysis and Design** - Develop a process and framework for establishing, tracking, and reporting SFA current and target performance measures. The goal is to use the performance measures to understand, predict, and improve performance.

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**Reengineering initiatives would enhance and improve SFA's ability to deliver and support core business processes.**

■ **Enhanced Customer Relationship Management:**

- **Consolidated Call Center** - Improve customer satisfaction by proactively seeking customers' input, and "reaching out" to train and assist them with all SFA-related concerns. This initiative includes the consolidation of multiple call center capabilities to provide "one-call-does-it-all" functionality for customers.

■ **Enhanced Aid Awareness** - Enhance all programs designed to inform the public of the availability of student financial assistance and educate them on various aid options and processes of applying for aid.

■ **Enhanced Electronic FAFSA** - Improve the electronic FAFSA through various modifications including the acceptance of data input through alternative means (e.g., tax preparer software), the creation of an electronic Spanish language FAFSA, and other value creating enhancements to the electronic FAFSA.

■ **Financial Management System (FMS)** - Validate the current SFA financial management system, design an integrated financial management system to manage the flow of financial information across all SFA information systems, and analyze the financial impact of this conversion.

### ***Reengineering Initiatives (cont.)***

- **Enhanced Aid Origination and Funds Disbursement** - Modify or simplify existing Loan Origination processes. Provide ability to originate and disburse all types of financial aid through a single delivery system.
- **Direct Loan Servicing Reengineering** - Reduce cost while improving service to students and schools. Scope will include the existing processes and systems for the Students Channel, including loan consolidation, central database functions, recording the loan on the servicing system, repayment, early collection efforts, and customer service. The systems review will include LCS, CDS, and DLSS (in whole or in part).
- **Enhanced Loan Repayment for Debt Collections** - Determine the best approach for improving processes/methods for Debt Collections.
- **Enhanced Outreach Services for Under-Served Market Segments** - Improve the external communications to partners and borrowers to disseminate information on changes to existing programs, technology, etc. for the under-served customer markets. Includes initiating projects with partners to research, develop, and promote best business practices, new products, and improved customer service (e.g., Partnership Council Teams).

**Other value creating initiatives represent additional opportunities for SFA to integrate its core business processes.**

- **Enhanced Monitoring of External Entities** - Design and implement monitoring capabilities for existing channels including schools and financial partners as well as other external entities as required.
- **Web Portals for Customers** - Design and implement online capabilities for all customers (students, schools, financial partners, etc.) to enable easier and more efficient data transfer through internet and/or other online interfaces (including Student Account Manager functionality).
- **Common Third-Party Interfacing** - Implement a platform to provide standard interface capabilities for all SFA third parties (i.e., IRS, Department of Justice, etc.).
- **Consolidated Third-Party Support Services** - Streamline contracting with external vendors to manage services provided to SFA. Perform analysis and implement consolidated services such as fulfillment, imaging, and lockbox.
- **Compliance Tracking and Reporting** - Enhance the process by which existing and new legislation is tracked, communicated, and implemented.



***Other Value Creating Initiatives (cont.)***

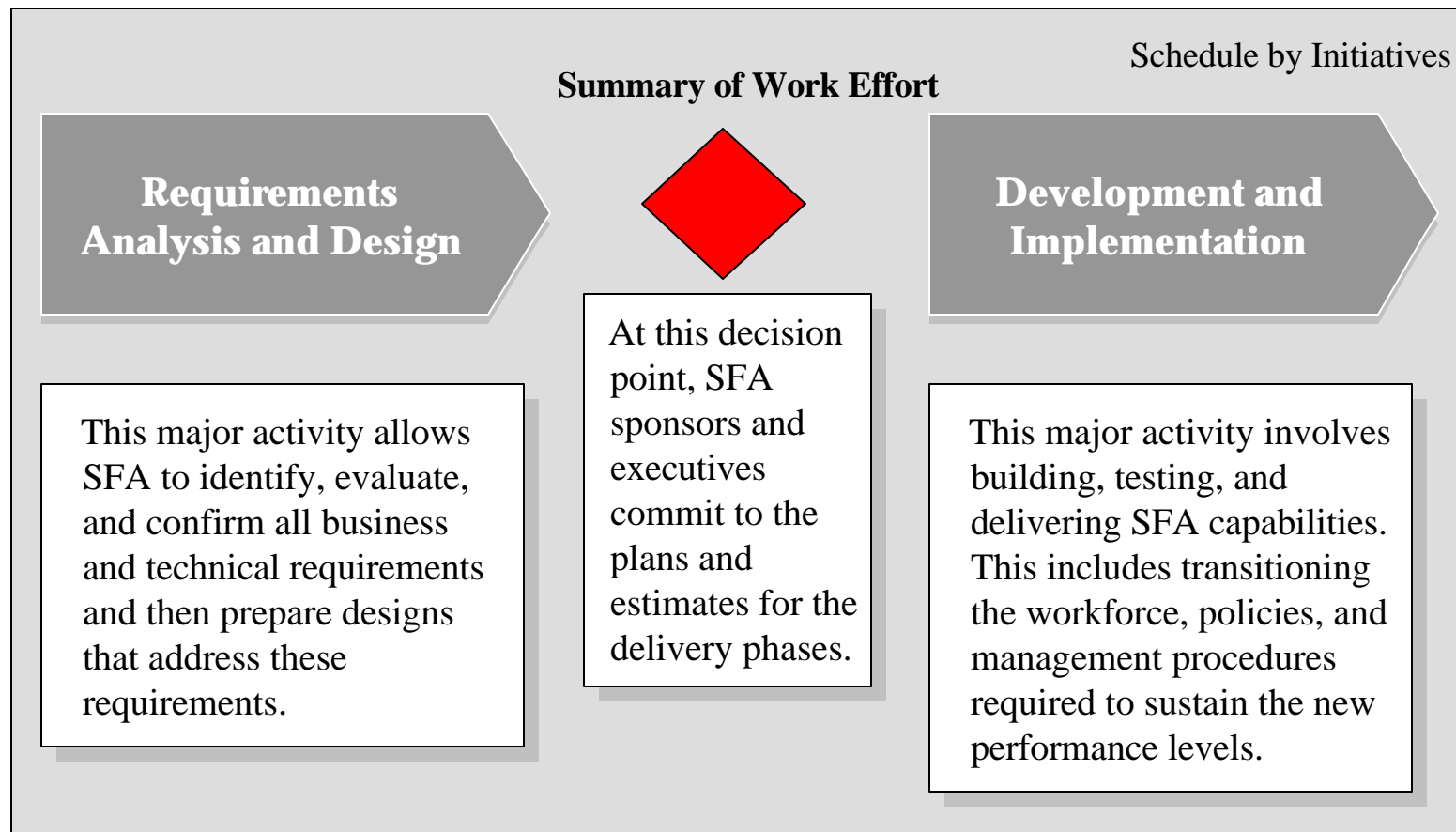
- **Single Identifier for Each Entity (includes PIN usage)** - Design a uniform single identifying data element for each customer entity in SFA's system including students, schools, and financial partners. Include the use of PIN logic as a form of identification.
- **Existing Modernization Projects and Other SFA Initiatives** - Evaluate all initiatives currently being pursued under the Modernization Partner Project, including the enhancement of the procurement process.

**In order to successfully complete the recommended initiatives and achieve SFA's three business objectives, the following organizational considerations must be addressed:**

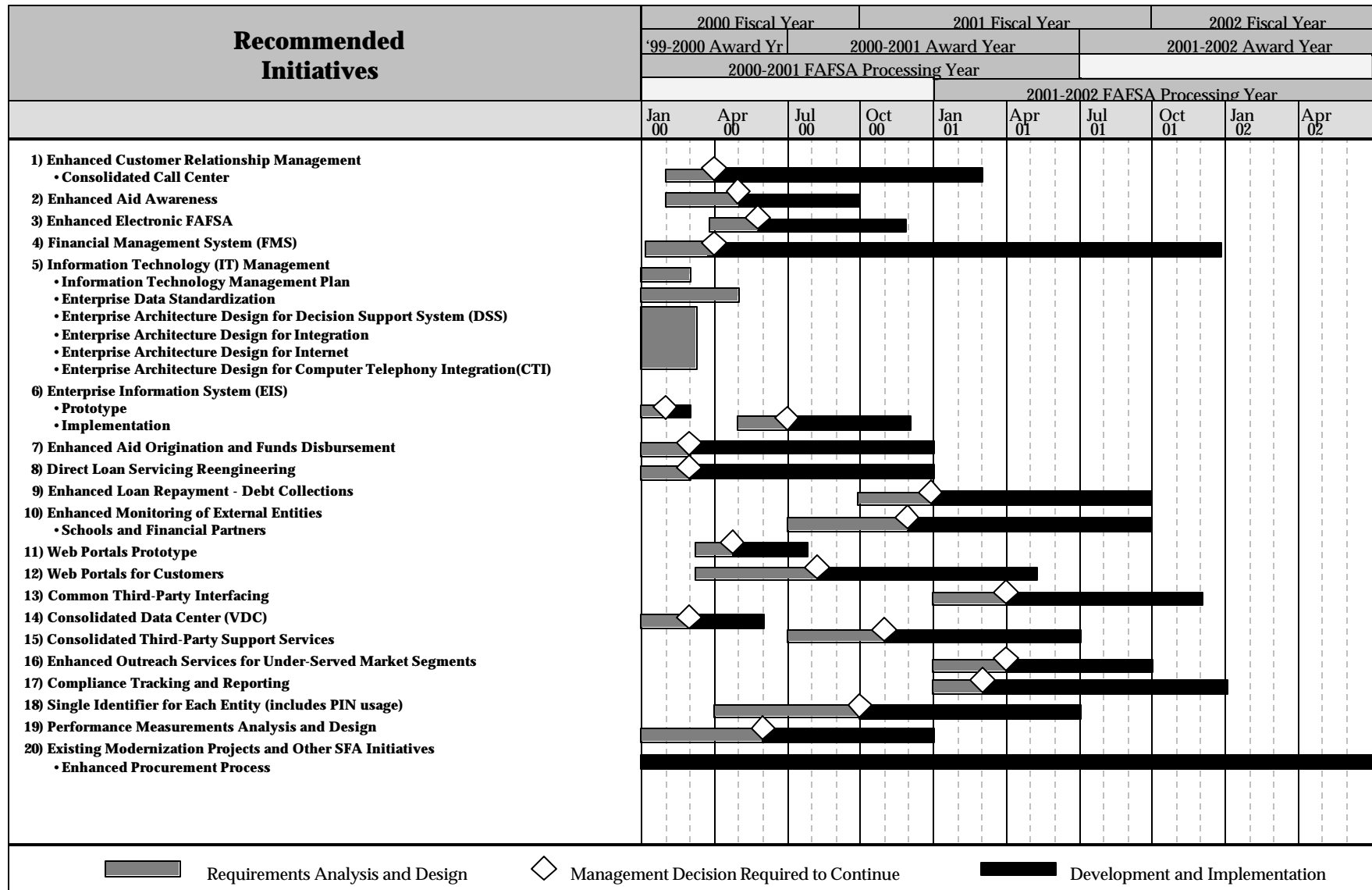
- Journey Management and Planning
- Organizational Architecture
- Business Processes and Governance Principles (i.e., Who's responsible for what?)
- Human Performance (e.g., competency model design, competency training, job design)
- Communications

**These considerations would be addressed as part of detailed organizational enablement efforts to be included in version 2.0 of the Capability Release Plan.**

**It is also important that a detailed review of each initiative occur to confirm the required work effort, planned start and completion time frames, and the necessary checkpoints.**



**The schedule represents a timeline and management decision points that occur prior to beginning the development and implementation phase for an initiative.**



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## Capability Summary: Core Business Capabilities

Capability	Potential Impacts				Benefit/Outcome	Recommended Initiatives
	C u s t o m e r S a t i s f a c t i o n	L o w e r C o s t	E m p l o y e e S a t i s f a c t i o n	P o l i t i c i a n S a t i s f a c t i o n		
Aid Awareness	●	○	◐	◐	<ul style="list-style-type: none"> <li>Educate buyers about their options</li> <li>Ensure aid information is clear and meaningful to customers.</li> <li>Increase awareness to a broader customer group.</li> <li>Provide information via multiple distribution channels.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced Aid Awareness</li> <li>Web Portals for Customers</li> <li>Web Portals Prototype</li> <li>Enhanced Outreach Services for Under-Served Market Segments</li> </ul>
Aid Application	●	◐	◐	◐	<ul style="list-style-type: none"> <li>Simplify FAFSA application for all customers.</li> <li>Increase electronic filing.</li> <li>Enable online eligibility/validation</li> <li>Reduce processing time and cost.</li> </ul>	<ul style="list-style-type: none"> <li>Web Portals for Customers</li> <li>Web Portals Prototype</li> <li>Common Third-Party Interfacing</li> <li>Enhanced Electronic FAFSA</li> </ul>
Aid Origination and Disbursement	●	●	◐	◐	<ul style="list-style-type: none"> <li>Lower unit cost to originate and disburse a direct loan and pell grant.</li> <li>Lower costs for schools to administer student aid program.</li> <li>Provide just-in-time (JIT) funding for schools.</li> <li>Reduce cycle time by eliminating hand-offs and redundant reconciliations.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced Aid Origination and Funds Disbursement</li> <li>Web Portals for Customers</li> <li>Web Portals Prototype</li> </ul>

**Capability Summary: Core Business Capabilities (cont.)**

Capability	Potential Impacts				Benefit/Outcome	Recommended Initiatives
	C u s t o m e r S a t i s f a c t i o n	L o a n W o r k f l o w	E m p l o y e e S a t i s f a c t i o n	P o l i t i c a l		
<b>Loan Repayment</b> <ul style="list-style-type: none"> <li>• Servicing</li> <li>• Debt Collections</li> </ul>	●	●	◐	◐	<ul style="list-style-type: none"> <li>• Provide improved customer satisfaction for borrowers: <ul style="list-style-type: none"> <li>- Customer support</li> <li>- Financial counseling</li> <li>- Flexible payment options</li> <li>- Various repayment channels</li> </ul> </li> <li>• Lower unit costs for servicing loans and borrowers.</li> <li>• Minimize the number of delinquencies.</li> <li>• Provide single interface for all loans.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced Customer Relationship Management (Consolidated Call Center)</li> <li>• Direct Loan Serving Reengineering (Loan Servicing)</li> <li>• Enhanced Loan Repayment - Debt Collections</li> </ul>
<b>Loan Consolidation</b>	●	●	◐	◐	<ul style="list-style-type: none"> <li>• Simplify the loan consolidation application and process.</li> <li>• Lower unit cost to consolidate loans.</li> <li>• Reduce time to consolidate loans.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct Loan Serving Reengineering (Loan Consolidation)</li> </ul>
<b>Financial Transactions</b>	◐	◐	○	○	<ul style="list-style-type: none"> <li>• Reduce time required to process a financial transaction (e.g., lender transactions).</li> <li>• Lower unit cost for processing financial transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Web Portals for Customers</li> <li>• Web Portals Prototype</li> </ul>

Potential Impacts: ● - High ◐ - Medium ○ - Low

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**In an effort to complete the Capability Release Plan, we recommend several next steps.**

- 1) Schedule and meet with key SFA and Modernization Partner team members to review the initial Capability Release Plan. The review should focus on confirming capabilities, initiatives, and the schedule.
- 2) Identify the process to ensure that all revisions to capabilities and initiatives are captured and included in subsequent versions of the Capability Release Plan.
- 3) Begin implementation of the Capability Release Plan and evaluate all future SFA investment decisions against the plan.

